

ADAMS NATURAL RESOURCES FUND, INC.  
Form N-Q  
October 21, 2016

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY**

**Investment Company Act file number: 811-02736**

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**ADAMS NATURAL RESOURCES FUND, INC.**

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(Exact name of registrant as specified in charter)

**500 East Pratt Street, Suite 1300, Baltimore, Maryland 21202**

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(Address of principal executive offices)

**Lawrence L. Hooper, Jr.  
Adams Natural Resources Fund, Inc.  
500 East Pratt Street, Suite 1300  
Baltimore, Maryland 21202**

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(Name and address of agent for service)

**Registrant's telephone number, including area code:** (410) 752-5900

**Date of fiscal year end:** December 31

**Date of reporting period:** September 30, 2016

**Item 1. Schedule of Investments.**

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SCHEDULE OF INVESTMENTS

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September 30, 2016 (unaudited)

|   | Shares    | Value (A)     |
|---|-----------|---------------|
| <b>Common Stocks 99.2%</b>                |           |               |
| <b>Energy 80.2%</b>                       |           |               |
| <b>Exploration &amp; Production 26.6%</b> |           |               |
| Anadarko Petroleum Corp.                  | 275,000   | \$ 17,424,000 |
| Cimarex Energy Co.                        | 96,100    | 12,912,957    |
| Concho Resources Inc. (B)                 | 103,400   | 14,201,990    |
| ConocoPhillips                            | 491,100   | 21,348,117    |
| EOG Resources, Inc.                       | 290,400   | 28,084,584    |
| EQT Corp.                                 | 133,700   | 9,709,294     |
| Marathon Oil Corp.                        | 742,700   | 11,742,087    |
| Noble Energy, Inc.                        | 302,300   | 10,804,202    |
| Occidental Petroleum Corp.                | 321,600   | 23,451,072    |
| Pioneer Natural Resources Co.             | 89,600    | 16,634,240    |
| RSP Permian, Inc. (B)                     | 147,000   | 5,700,660     |
| Whiting Petroleum Corp. (B)               | 251,500   | 2,198,110     |
|   |           | 174,211,313   |
| <b>Integrated Oil &amp; Gas 28.0%</b>     |           |               |
| Chevron Corp.                             | 591,200   | 60,846,304    |
| Exxon Mobil Corp.                         | 1,404,730 | 122,604,835   |
|   |           | 183,451,139   |
| <b>Oil Equipment &amp; Services 13.5%</b> |           |               |
| Baker Hughes, Inc.                        | 90,100    | 4,547,347     |
| Halliburton Co.                           | 506,770   | 22,743,838    |
| National Oilwell Varco, Inc.              | 133,500   | 4,904,790     |
| Oil States International Inc. (B)         | 170,000   | 5,366,900     |
| Schlumberger Ltd.                         | 562,800   | 44,258,592    |
| Weatherford International plc (B)         | 1,219,800 | 6,855,276     |
|   |           | 88,676,743    |
| <b>Pipelines 6.4%</b>                     |           |               |
| Kinder Morgan Inc.                        | 834,100   | 19,292,733    |
| Spectra Energy Corp.                      | 351,700   | 15,035,175    |
| Williams Companies, Inc.                  | 242,600   | 7,455,098     |
|   |           | 41,783,006    |
| <b>Refiners 5.7%</b>                      |           |               |
| Marathon Petroleum Corp.                  | 352,900   | 14,324,211    |
| PBF Energy Inc.                           | 179,100   | 4,054,824     |
| Phillips 66                               | 31,175    | 2,511,146     |
| Valero Energy Corp.                       | 313,700   | 16,626,100    |
|   |           | 37,516,281    |

## SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2016 (unaudited)

|   | Shares    | Value (A)      |
|---|-----------|----------------|
| <b>Basic Materials 19.0%</b>  |           |                |
| <b>Chemicals 16.3%</b>  |           |                |
| Air Products and Chemicals, Inc.  | 22,900    | \$ 3,442,786   |
| Dow Chemical Co.  | 449,056   | 23,274,572     |
| E.I. du Pont de Nemours & Co.   | 147,800   | 9,898,166      |
| Eastman Chemical Co.  | 119,300   | 8,074,224      |
| H.B. Fuller Co.   | 177,700   | 8,257,719      |
| LyondellBasell Industries N.V. (Class A)  | 241,000   | 19,439,060     |
| Monsanto Co.  | 156,300   | 15,973,860     |
| PPG Industries, Inc.  | 132,000   | 13,643,520     |
| Materials Select Sector SPDR Fund   | 99,400    | 4,746,350      |
|   |           | 106,750,257    |
| <b>General Industrials 0.6%</b>   |           |                |
| Packaging Corp. of America  | 52,800    | 4,290,528      |
| <b>Gold &amp; Precious Metals 0.7%</b>  |           |                |
| SPDR Gold Shares (B)  | 35,200    | 4,422,528      |
| <b>Industrial Metals 1.4%</b>   |           |                |
| Alcoa Inc.  | 614,000   | 6,225,960      |
| Freeport-McMoRan Inc. (B)   | 248,000   | 2,693,280      |
|   |           | 8,919,240      |
| <b>Total Common Stocks</b>  |           |                |
| (Cost \$495,076,026)  |           | 650,021,035    |
| <b>Short-Term Investments 0.8%</b>  |           |                |
| <b>Money Market Funds 0.8%</b>  |           |                |
| Fidelity Institutional Money Market Money Market Portfolio (Institutional Class), 0.44% (C) | 3,700,000 | 3,700,000      |
| Northern Institutional Treasury Portfolio, 0.26% (C)  | 1,370,527 | 1,370,527      |
| <b>Total Short-Term Investments</b>   |           |                |
| (Cost \$5,070,527)  |           | 5,070,527      |
| <b>Total Investments 100.0% of Net Assets</b>   |           |                |
| (Cost \$500,146,553)  |           | \$ 655,091,562 |

Notes:

(A) Common stocks are listed on the New York Stock Exchange or the NASDAQ and are valued at the last reported sale price on the day of valuation.

(B) Presently non-dividend paying.

(C) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.

See accompanying notes.

## NOTES TO SCHEDULES OF INVESTMENTS (Unaudited)

Adams Natural Resources Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 ("1940 Act") as a non-diversified investment company. The Fund is an internally-managed closed-end fund specializing in energy and other natural resources stocks. The investment objectives of the Fund are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

### 1. SIGNIFICANT ACCOUNTING POLICIES

**Investment Transactions** - The Fund's investment decisions are made by the portfolio management team with recommendations from the research staff. Investment transactions are accounted for on the trade date. Realized gains and losses on sales of investments are recorded on the basis of specific identification.

**Valuation** - The Fund's financial instruments are reported at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund has a Valuation Committee ("Committee") to ensure that financial instruments are appropriately priced at fair value in accordance with accounting principles generally accepted in the United States ("GAAP") and the 1940 Act. Subject to oversight by the Board of Directors, the Committee establishes methodologies and procedures to value securities for which market quotations are not readily available.

GAAP establishes the following fair value hierarchy that categorizes inputs used to measure fair value:

- **Level 1** -- fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments;
- **Level 2** -- fair value is determined using other assumptions obtained from independent sources; for example, quoted prices for similar investments;
- **Level 3** -- fair value is determined using the Fund's own assumptions, developed based on the best information available in the circumstances.

Investments in securities traded on national security exchanges are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Money market funds are valued at net asset value. These securities are generally categorized as Level 1 in the hierarchy.

Short-term investments (excluding money market funds) are valued at amortized cost, which approximates fair value. These securities are generally categorized as Level 2 in the hierarchy.

At September 30, 2016, the Fund's financial instruments were classified as follows:

|                        | Level 1       | Level 2 | Level 3 | Total         |
|------------------------|---------------|---------|---------|---------------|
| <b>Assets:</b>         |               |         |         |               |
| Common stocks          | \$650,021,035 | \$--    | \$--    | \$650,021,035 |
| Short-term investments | 5,070,527     | --      | --      | 5,070,527     |
| Total investments      | \$655,091,562 | \$--    | \$--    | \$655,091,562 |

There were no transfers between levels during the period ended September 30, 2016.

## 2. FEDERAL INCOME TAXES

As of September 30, 2016, the identified cost of securities for federal income tax purposes was \$500,146,553 and net unrealized appreciation aggregated \$154,945,009, consisting of gross unrealized appreciation of \$214,375,822 and gross unrealized depreciation of \$59,430,813.

## 3. INVESTMENT TRANSACTIONS

Purchases and sales of portfolio investments, other than short-term investments, during the period ended September 30, 2016 were \$73,553,711 and \$71,936,084, respectively.

### Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the 1940 Act) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.

(b) There have been no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### Item 3. Exhibits.

The certifications of the principal executive officer and principal financial officer pursuant to Rule 30a-2(a) under the 1940 Act are attached hereto as Form N-Q Certifications.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Adams Natural Resources Fund, Inc.

By: /s/ Mark E. Stoeckle  
Mark E. Stoeckle  
Chief Executive Officer  
(Principal Executive Officer)

Date: October 21, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Mark E. Stoeckle  
Mark E. Stoeckle  
Chief Executive Officer  
(Principal Executive Officer)

Date: October 21, 2016

By: /s/ Brian S. Hook  
Brian S. Hook  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: October 21, 2016